

Message Text

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ACTION EUR-12

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E.O. 11652: N/A
TAGS: ETRD, EIND, EINV, GW
SUBJECT: USITC REQUEST FOR INFORMATION ON GOVERNMENT-
OWNED FIRMS IN MARKET ECONOMY COUNTRIES

REF: (A) STATE A-1249, (B) USBERLIN 1070

1. THE FRG MINISTRY OF FINANCE HAS JUST RELEASED ITS ANNUAL PUBLICATION ENTITLED "BETEILIGUNGEN DES BUNDES, 1975" ("PARTICIPATION OF THE FEDERAL GOVERNMENT 1975"), WHICH PROVIDES A COMPREHENSIVE OVERVIEW OF THE ACTIVITIES, THE ECONOMIC DEVELOPMENT, AND THE STATUS OF COMPANIES IN WHICH THE GOVERNMENT HOLDS DIRECT OR INDIRECT PARTICIPATION. ONE GERMAN-LANGUAGE COPY OF THIS PUBLICATION IS BEING FORWARDED BY AIR POUCH FOR READY REFERENCE TO THE DEPARTMENT AND OTHER INTERESTED AGENCIES.

2. ACCORDING TO THIS REPORT, THE FEDERAL GOVERNMENT, AT THE END OF 1975, HELD DIRECT OR INDIRECT (AT LEAST 25 PERCENT OF THE NOMINAL CAPITAL) PARTICIPATION IN A TOTAL OF 885 COMPANIES. THE OVERALL NOMINAL CAPITAL OF ALL COMPANIES IN WHICH THE FRG HAD DIRECT
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PARTICIPATION WAS DM 7.7 BILLION, OF WHICH DM 4.1 BILLION (53 PERCENT) WAS OWNED BY THE FEDERAL GOVERNMENT. GROSS RECEIPTS OF THE FEDERAL GOVERNMENT FROM DIVIDENDS AND DISTRIBUTION OF PROFITS WAS DM 99.7 MILLION IN 1975, UP FROM DM 92.8 MILLION EARNED IN 1974.

A COMPARISON BETWEEN ALL COMPANIES IN GERMANY AND THOSE

IN WHICH THE FRG HOLDS AT LEAST 25 PERCENT

OF EQUITY

COMPANIES

HAVING FRG ALL COMPANIES

PARTICIPATION IN FRG PERCENT

NO. OF FIRMS	885	135,571	0.7
EMPLOYMENT	335,000	7,615,000	4.7
CAPITAL	DM 7.7 BILLION	DM 145.4 BIL	5.3
TURNOVER	DM 57.2 BILLION	DM 733.9 BIL	7.8

3. COMMENT: POST IS OF THE OPINION THAT FRG PARTICIPATION IN THESE 885 COMPANIES DOES NOT GENERALLY AFFECT THE COMPETITIVE POSITION OF THE GOVERNMENT-OWNED FIRMS VIS-A-VIS NON-GOVERNMENT OWNED FIRMS. EXCEPTIONS INCLUDE:

A. FIRMS SEEKING FOREIGN CONTRACTS WHICH INVOLVE COMPLICATED CREDIT AND FINANCING AGREEMENTS. (SEE REFERENCE B REGARDING THE CURRENT QUESTION OF SALZGITTER, 100 PERCENT FRG-OWNED, GAINING THE CONTRACT FOR THE CONSTRUCTION OF THE AIR TERMINAL IN MOSCOW.); AND

B. PUBLIC SERVICES, SUCH AS LUFTHANSA, WHICH APPARENTLY HAVE AN IMPORTANT, IF UNOFFICIAL, ROLE IN LIMITED OFFICIAL USE

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DOMESTIC PRICE-SETTING AND ALSO (THROUGH IATA) IN INTERNATIONAL PRICE-SETTING.

4. WITHIN THE FRG ITSELF, WE HAVE NOT FOUND THAT GOVERNMENT PARTICIPATION IN THESE VARIOUS COMPANIES HAS MADE THEM MORE COMPETITIVE. MANY OF THESE FIRMS WERE ACQUIRED DURING THE DENAZIFICATION PROCESS AT THE END OF WORLD WAR II. POST WILL PURSUE THIS QUESTION FURTHER AND CONTINUE TO REPORT TO THE DEPARTMENT. STOESEL

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